

SENATOR THOMAS F. EAGLETON

OPENING REMARKS

Before the

POLICY FORUM, ECONOMIC SECURITY PROGRAMS

December 13, 1983

In 1920, when Congress passed the Civil Service Retirement Act, some 330,000 federal employees were covered. Today, only ~~53~~⁶³ years later, that original Act has been modified more than 150 times by either Congress or an Executive Order, and some 2.7 million active civil servants and postal service workers, plus 1.8 million retirees, are now covered.

What have these changes and this phenomenal growth meant? Obviously, they are a reflection of the growth of the federal government. They are also, however, a reflection of major policy changes about federal retirement.

When enacted in 1920, the civil service retirement program sought to improve government service by improving benefits to employees, but it also sought to keep costs down; by the 1940s and the end of World War II, the purpose had changed a bit and improvement of morale and the protection of employees became a major policy concern; then, beginning in the '50s, the federal retirement system acquired characteristics of Social Security and social welfare, while at the same time setting an example of a comprehensive employee income protection plan.

All of these changes were gradual. Today, however, since Congress mandated inclusion of all new federal employees in Social Security, beginning January 1, Congress will be forced to totally review the civil service retirement program.

- 2 -

In one shot, we will enact a new, perhaps similar, but perhaps totally different, civil service retirement program.

Obviously, this will mean focusing on policy. Will we want a system that simply "holds down costs," the basic policy when the system started in 1920? Will we want a pension plan -- like most private sector plans and civil service in the '40s -- which emphasizes employee protection and simply complements the social welfare aspects of Social Security? Or, as we have at present, will we want an exemplary plan that provides comprehensive employee income protection?

Before we begin to address these policy questions, I feel we must educate ourselves about what has happened and what is happening now in the pension area. The pension landscape of 1983 bears scant resemblance to retirement programs of the 1920s.

Today, pension planning and pension investment are more than big business -- they are so big that pension fund billions are becoming the tail that wags the nation's economic dog. And the plans are so complicated and varied it takes computers simply to keep track of all the options: IRAs, Keoghs, 401(K)s, thrift plans, standard annuities, stock options, and the like. Finally, the laws themselves, particularly the Employee Retirement Income Security Act of 1974, have so changed the pension ballgame that to me it would be almost malfeasance to draft major retirement legislation without a thorough study of the realities of today's pension world, both public and private.

- 3 -

Thus, I am delighted to welcome the pension experts and others in this room who came to be enlightened about this complicated and important area.

As you may know, Senators Roth, Stevens, Bingaman and I began our educational efforts in late summer, when, on behalf of the Senate Governmental Affairs Committee, we asked the General Accounting Office, the Congressional Budget Office, and the Congressional Research Service to undertake a coordinated effort to gather actuarial and economic pension data. We felt it was vital for the Committee to have such data prior to drafting legislation.

At the same time, we concluded that we, and others who would be interested, simply needed to learn more about pensions. The most efficient and effective way to cover the topic seemed to be to invite "experts" to present information that could be discussed and debated in a public forum. Today opens the first of what we intend to be a series of five forums. We hope these forums will acquaint the Congress and the public with pension issues of the day so that when the politics emerge -- the lobbying, the hearings, the actual legislative drafting -- we will all speak with a better understanding of some basic facts and data.

To that end, I return this important forum back to Mr. Berger, adding only my personal thanks and the thanks of the Committee to those individuals who made today's event possible.